

## Message Text

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ACTION EA-09

INFO OCT-01 IO-13 ISO-00 AGR-05 EB-07 COME-00 TRSE-00

OMB-01 AID-05 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ITC-01

/088 W

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R 220710Z APR 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 8008

INFO USMISSION GENEVA

AMEMBASSY KUALA LUMPUR

AMEMBASSY WELLINGTON

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STATE PASS AGRICULTURE FOR BELL AND FRASER

E.O. 11652: N/A

TAGS: EAGR, ETRD, EGEN, AS

SUBJECT: SECRETARY BUTZ' DISCUSSIONS IN AUSTRALIA

1. FOLLOWING IS BRIEF SUMMARY OF EXCHANGE OF VIEWS  
SECRETARY OF AGRICULTURE, EARL L. BUTZ HAD WITH DEPUTY  
PRIME MINISTER AND MINISTER OF OVERSEAS TRADE, J. D.  
ANTHONY AND MINISTER FOR PRIMARY INDUSTRY, IAN SINCLAIR  
DURING HIS VISIT TO AUSTRALIA. THIS REPORT HAS NOT  
BEEN CLEARED WITH THE SECRETARY OR ANY MEMBERS OF HIS  
OFFICIAL PARTY AND IS PRESENTED AS AN INFORMAL RECORD  
OF MAJOR TOPICS DISCUSSED.

2. SECRETARY BUTZ OPENED DISCUSSION BY GIVING  
COMPREHENSIVE ASSESSMENT OF CURRENT SITUATION AND OUTLOOK  
FOR U.S. AGRICULTURE. HE SAID U.S. BEEF SITUATION WAS  
IMPROVING AND CROP OUTLOOK WAS FAVORABLE. HE SAID  
EFFECTS OF DROUGHT HAD BEEN OVER-PLAYED. THE WHEAT CROP  
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COULD BE DOWN A LITTLE, BUT THE CORN CROP IN 1976

WOULD LIKELY EXCEED LAST YEAR'S RECORD OUTPUT. HE SAID THE DAIRY SITUATION HAD IMPROVED AND OUTLOOK FOR THE FUTURE WAS REASONABLE GOOD. U.S. HAS SOME 200,000 MT OF NFDM IN STOCKS, BUT ASSURED GOA OFFICIALS THAT U.S. WOULD NOT SUBSIDIZE EXPORT OF NFDM INTO THE COMMERCIAL EXPORT TRADE. HOWEVER, HE DID SAY THAT SOME NFDM WOULD GO INTO OUR FOOD AID PROGRAM.

3. THE SECRETARY SAID HE WAS WELL AWARE OF THE FACT THAT AUSTRALIA WANTED BETTER ACCESS TO U.S. MARKET FOR BEEF AND DAIRY PRODUCTS, BUT POINTED OUT U.S. HAD BEEN VERY GENEROUS DURING RECENT CRISIS WHEN COMPARED TO THE ACTIONS TAKEN BY THE EC AND JAPAN. HE SAID THIS ADMINISTRATION IS MOVING TOWARD LIBERALIZATION OF TRADE AND THAT IN SPITE OF HEAVY PRESSURE AT TIMES THE U.S. WILL NOT CLOSE ITS DOORS ON IMPORTS. HE ALSO POINTED OUT THAT THERE WAS A BUILT-IN GROWTH ESCALATOR IN OUR MEAT IMPORT LAW SO THAT EVEN IF VR WERE KEPT ON IN FUTURE, BEEF IMPORTS WOULD INCREASE. HE SAID AUSTRALIA WOULD BE ABLE TO PARTICIPATE IN ANY SHORTFALL THAT MAY OCCUR THIS YEAR UNDER THE VR PROGRAM ON THE SAME BASIS AS IN PAST YEARS. THE SECRETARY ADDED THAT AUSTRALIA HAD UNRESTRICTED ACCESS FOR LAMB ON THE U.S. MARKET.

4. IN RESPONSE TO HEAVY QUESTIONING ABOUT PROSPECTS FOR RELAXING BEEF QUOTAS IN THE SECOND HALF OF 1976, SECRETARY SAID HE SAW LITTLE OR NO CHANCE THAT QUOTAS WOULD BE LIFTED OR EXPANDED. HE SAID ONCE RESTRAINTS ARE IN PLACE IT IS DIFFICULT TO FIND ADEQUATE JUSTIFICATION TO TAKE THEM OFF. HE DECLINED TO SPECULATE ABOUT VR FOR 1977, BUT SAID THINGS WERE DEFINITELY LOOKING UP AND THAT IN LONGER RUN THE U.S. WOULD NEED LARGE SUPPLIES OF BEEF FROM AUSTRALIA.

5. IN RESPONSE TO QUESTIONS REGARDING CHEESE IMPORTS, THE SECRETARY SAID WE STILL HAVE SOME PROBLEMS WITH OUR DAIRY SUPPORT PROGRAM. HE SAID THAT U.S. HAD GOTTEN ITS DAIRY SURPLUS SITUATION FAIRLY WELL STRAIGHTENED OUT BUT COULD HAVE TROUBLE WITH THE NEW HIGHER SUPPORT PRICES. THE SECRETARY SAID THAT AUSTRALIA SHOULD ALSO KEEP IN MIND THAT THIS IS AN ELECTION YEAR AND THERE ARE LIMITED OFFICIAL USE

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LIMITS TO WHAT HE CAN DO. HE SAID AUSTRALIA SHOULD LOOK AT THE POSSIBILITY OF SELLING US MORE CHEESE OF THE TYPE OVER THE PRICE BREAK WHERE THERE ARE NO RESTRICTIONS AND THAT CASEIN AND LACTOSE WERE FREE OF QUOTAS. HE SAID HE HAD EXPLAINED A NUMBER OF TIMES -- IN THE UNITED STATES AND IN EUROPE -- THAT U.S. IS PREPARED TO PUT THE MATTER OF SECTION 22 ON THE NEGOTIATING TABLE, BUT IS NOT GOING TO GIVE THIS CONCESSION AWAY EXCEPT FOR A RETURN BENEFIT AND

UNDER CONDITIONS OF FULLY FAIR COMPETITION.

6. THE SECRETARY SAID THAT IN AGRICULTURAL TRADE AUSTRALIA AND THE U.S. WERE ESSENTIALLY COMPETITORS, BUT THAT BOTH COUNTRIES HAD EXCELLENT OPPORTUNITY TO WORK TOGETHER IN GAINING IMPROVED MARKET ACCESS FOR EFFICIENT FOOD PRODUCING NATIONS. HE POINTED OUT THAT AUSTRALIA'S POSITION IN THE MTN ON AGRICULTURAL TRADE WAS SIMILAR TO THAT OF THE U.S. AND BOTH COUNTRIES SHOULD WORK SHOULDER TO SHOULDER IN BREAKING DOWN RESTRICTIVE TRADE PRACTICES PARTICULARLY OF THE E.C.

7. THE SECRETARY POINTED OUT THAT AUSTRALIA'S VIEWS ON INTERNATIONAL COMMODITY AGREEMENTS WERE QUITE DIFFERENT FROM THOSE OF U.S. AND CONSEQUENTLY HE SAW LITTLE CHANCE OF ANY SERIOUS COOPERATION. HE SAID THERE WAS VIRTUALLY NO CHANCE AT ALL THAT THE U.S. WOULD AGREE TO AN IGA WITH ECONOMIC PROVISIONS ANYTHING LIKE THOSE IN FORMER IGA. HE SAID THAT SINCE SUGAR WAS CONSIDERED A TROPICAL PRODUCT, U.S. AGREED TO PARTICIPATE IN THE NEGOTIATIONS FOR A NEW ISA, BUT THAT WE HAD NOT DECIDED WHAT POSITION THE U.S. WOULD TAKE ON A NEW ISA. THE SECRETARY POINTED OUT THAT THERE ARE CURRENTLY NO PLANS FOR NEW SUGAR LEGISLATION IN THE U.S. AND THAT HE WOULD NEITHER SUBMIT NOR SUPPORT ANY MOVES FOR NEW LEGISLATION. HE POINTED OUT THAT AUSTRALIA HAD BEEN ABLE TO MORE THAN DOUBLE ITS EXPORTS OF SUGAR TO THE U.S. SINCE THE U.S. QUOTA RESTRICTIONS WERE TAKEN OFF LAST YEAR.

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INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

EB-07 COME-00 AGR-05 AID-05 TRSE-00 OMB-01 ITC-01

/088 W

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R 220710Z APR 76

FM AMEMBASSY CANBERRA

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INFO USMISSION GENEVA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY WELINGTON

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8. WHEN ASKED FOR HIS VIEWS ON THE U.S. TARIFF ON IMPORTED WOOL, THE SECRETARY SAID U.S. WAS FULLY PREPARED TO ENTER DISCUSSIONS CONCERNING OUR WOOL TARIFF IN THE MTN. HE ALSO SAID THAT U.S. WOOL ACT PASSED IN 1954, WHICH PROVIDED FOR THE COLLECTION OF DUTIES ON IMPORTED WOOL AS A BASIS FOR MAKING INCENTIVE PAYMENTS TO U.S. PRODUCERS, HAD NOT FULFILLED ITS OBJECTIVES AND THAT THE LEGISLATION WOULD NEED TO BE REVIEWED.

9. TIME RAN OUT BEFORE THE SECRETARY COULD RAISE ISSUE OF AUSTRALIA'S QUARANTINE RESTRICTIONS ON THE IMPORTATION OF U.S. COOKED-FROZEN POULTRY PRODUCTS, BOVINE SEMEN AND BREEDING CATTLE; HOWEVER, HE DID RAISE THE ISSUE PRIVATELY WITH MINISTER SINCLAIR AND SECRETARY IVES. HE TOLD THEM U.S. CATTLEMEN ARE ASKING WHY WE WERE SHUT OUT OF THE AUSTRALIAN MARKET WHEN THE U.S. IS BY FAR THE BEST OUTLET FOR AUSTRALIAN BEEF. BOTH AGREED THAT IT PRESENTED A REAL PROBLEM AND A PARADOX, BUT SAID IT WOULD NOT BE AN EASY ONE TO SOLVE BECAUSE OF THE CONCERN OF INTRODUCING DISEASES INTO AUSTRALIA.

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QPM COMMENT: ALTHOUGH NO ISSUES WERE SETTLED OF PROBLEMS RESOLVED, THE EXCHANGE OF VIEWS ON A MINISTERIAL LEVEL WAS USEFUL TO BOTH SIDES. THE AUSTRALIANS TOLD US THEY WOULD LIKE TO HAVE EXPLORED SOME OF THE ISSUES IN GREATER DEPTH, BUT WERE MOST HAPPY TO GET THE SECRETARY'S FRANK AND CANDID APPRAISAL OF WHERE HE STOOD ON THE MAJOR ISSUES.

11. THOSE ATTENDING THE MEETING AT PARLIAMENT HOUSE IN CANBERRA IN ADDITION TO SECRETARY BUTA WERE AMBASSADOR HARGROVE, DAVID L. HUME, ADMINISTRATOR OF THE FOREIGN AGRICULTURAL SERVICE, AND HARLAN J. DIRKS, AGRICULTURAL ATTACHE. REINER

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## Message Attributes

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